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Article:

Corporate Hospitality & Events & How The New Bribery Act 2010 Affects Business Owners

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The use of 'hospitality' i.e. sporting events, client dinners, weekend breaks etc, has been a legitimate part of 'doing business' for many years and is a proven loyalty or business procurement business tool for small business networking, corporate network, and business social networking.

However, from April 2011 there are new laws being enforced to eliminate 'bribery' that can be associated with client entertainment and hospitality especially in the small business networking, corporate network, business social networking, arenas.

The Bribery Act 2010 (the Bribery Act) will apply when it comes into force in the UK next April to day-to-day business practices as well as the payment of one-off bribes to suppliers, customers and public officials.

Commercial organisations that will be subject to the Bribery Act have expressed concern about the impact the

Act could have on their traditional business practices, particularly because - unlike the US Foreign Corrupt Practices Act - the Bribery Act does not explicitly condone "reasonable and bona fide expenditures" related to the promotion, demonstration or explanation of products or services or the performance of a contract. Corporate hospitality and promotional expenditures are likely to be deemed to violate the Bribery Act if they are intended - or reasonably may be thought to have been intended - to induce a person working in the public or private sector to behave improperly. The test, so far as the public sector is concerned, will be whether the expenditure was intended to cause the public official to act or refrain from acting in a way that is inconsistent with the public trust that the official is supposed to safeguard. In the case of a recipient within the private sector, the test will be whether the expenditure was intended to cause a recipient to forget that his or her primary allegiance must be to his/her employer. (source www.cdr-news.com)

Your business contact data base is the basis of your success and it is therefore essential that you spend time and money in maintaining and increasing its value.

Does this new law apply to my Contact Network?

If you or your company actively 'entertains' customers in the processes of acquiring business, rewarding business contracts or enhancing business contact manager relationships then you could be exposed to these new laws.

Corporate Network Hospitality Description

There are many forms of **Corporate Network** Hospitality that are utilised as part of the normal day to day business activities of small to large corporate entities. These loyalty or reward expenditures can be allocated to one business contact manager or across groups of individuals in your business corporate network.

The most common are as follows:

- a) Sporting events (Grand Prix, Wimbledon, Football Matches)
- b) Holidays and Leisure (Weekend breaks, personal holidays, flights)
- c) Golfing Days
- d) Personal Dinners and Entertainment
- e) Personal Gifts and Presents

Benefits of Corporate Network Hospitality

Using Hospitality especially as part of a small business networking strategy has tremendous benefits as

- follows:
- a) Increases personal relationships
 - b) Increases business contact manager relationships
 - c) Provides exclusive environments to 'do business'
 - d) Creates loyalty for you and your business
 - e) Provides a platform for business social networking

Negatives of Corporate Network Hospitality

Many companies that use hospitality as part of their Corporate Network and business contact manager relationship strategies are often not aware of the following:

- a) Latest legislation that affects the use of hospitality
- b) Personal tax implications (both for you and your customers)
- c) Returns on investment
- d) Awareness of competitor hospitality activities
- e) Providing unique hospitality programmes

What do I need to do with regard the new hospitality legislation?

The legislation will be enforced by the SFO (Serious Fraud Office) and will be applied to all small business networking, corporate network, business social networking events and individual business owners and companies that provide hospitality and entertainment to private and public figures that can or could award contracts or business.

The legislation will require those organising the hospitality to amongst other items:

- a) Provide an 'open book' policy to allow SFO inspection of individuals entertained
- b) Allow SFO access to all expenditure allocated to hospitality and entertainment
- c) Have in place a hospitality / entertainment corporate policy
- d) To clearly define reasons behind hospitality / entertainment investment

Is this the end of Corporate Network Hospitality?

Absolutely not ... the new legislation is aimed at those who have or could influence high profile individuals in the lucrative contract arenas such as the Olympics, Large Developments, Defence contracts etc. However due to the nature of the legal system the legislation will be applied to those who utilise and receive hospitality and have considerable influence in the awarding of contracts at all levels.

It is vital therefore to utilise expert advice when planning and operating hospitality or entertainment programmes for Corporate Network strategies and small business networking programmes.

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